

## 2003 DRAFTING REQUEST

### Bill

Received: **04/29/2003**

Received By: **pkahler**

Wanted: **As time permits**

Identical to LRB:

For: **Sheryl Albers (608) 266-8531**

By/Representing: **Ryan Gruber**

This file may be shown to any legislator: **NO**

Drafter: **pkahler**

May Contact:

Addl. Drafters:

Subject: **Health - miscellaneous  
Insurance - health**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Albers@legis.state.wi.us**

Carbon copy (CC:) to:

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### Pre Topic:

No specific pre topic given

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### Topic:

Competitive bidding for HIRSP administrator

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### Instructions:

See Attached

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### Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	pkahler 04/29/2003	kgilfoy 04/29/2003		_____ _____			State
/1			jfrantze 04/30/2003	_____ _____	sbasford 04/30/2003		State
/2	pkahler	kgilfoy	rschluet	_____	lemery		State

11/04/2003 10:28:58 AM

Page 2

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
	05/15/2003	05/15/2003	05/15/2003	_____	05/15/2003		
/3	pkahler 09/17/2003	kgilfoy 09/19/2003 kgilfoy 09/25/2003	chaugen 09/23/2003 chaugen 09/26/2003	_____	lemery 09/26/2003		State
/4	pkahler 10/15/2003	kgilfoy 10/15/2003	rschluet 10/17/2003	_____	mbarman 10/17/2003	lemery 11/04/2003	

FE Sent For:

At intro.

<END>

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/2	pkahler	kgilfoy	rschluet	_____	lemery		State

*Jacket  
per  
Ryan  
at Rep.  
Albers  
office (phone  
call)*

10/17/2003 11:42:11 AM

Page 2

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
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/3	pkahler 09/17/2003	kgilfoy 09/19/2003	chaugen 09/23/2003	_____	lemery 09/26/2003		State
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/1			jfrantze 04/30/2003		sbasford 04/30/2003		State
/2	pkahler	kgilfoy 14-10/15 King	rschluet		lemery		State

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	05/15/2003	05/15/2003	05/15/2003	_____	05/15/2003		
/3	pkahler	kgilfoy	chaugen	_____	lemery		
	09/17/2003	09/19/2003	09/23/2003	_____	09/26/2003		
		kgilfoy	chaugen	_____			
		09/25/2003	09/26/2003	_____			

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/2	pkahler	kgilfoy 13-9/19 kmq	rschluet 9-26 OK	9-26 SF	lemery		

Sent back to editing 09/19

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
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/?	pkahler 04/29/2003	kgilfoy 04/29/2003					State
/1		12-5/15 Kmg	jfrantze 04/30/2003		sbasford 04/30/2003		

5-15-3

P 6

04/30/2003 10:20:12 AM

Page 2

***LRB-2627***

FE Sent For:

**<END>**

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May Contact:

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Competitive bidding for HIRSP administrator

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1?	pkahler	1-4/29 Kmg	4/30	6/19 4/30			

FE Sent For:

&lt;END&gt;

To: LRB – Drafting  
From: Representative Sheryl K. Albers

Date: February 17, 2003  
Subject: HIRSP – Competitive Bidding

---

Please prepare a 2003 bill relating to a competitive bidding process for HIRSP contracts. Please generally utilize the language provided by Bob Wood, a member of the HIRSP Board of Governors (attached). The language incorporates the provisions of 2001 Assembly Substitute Amendment 1 (as amended by Assembly Amendment 1) to 2001 AB 348, as well some additional modifications. The changes or additions from the original language of ASA 1, as amended, are highlighted.

Note that my staff attorney, Scott Harold Southworth, reviewed the language of the draft Bob submitted, and recommended the following changes to what Bob proposed:

Page 3, lines 10-11 and lines 13-14: Change “and the plan administrator selection committee and the other committees and subcommittees of the board” to read “and all committees and subcommittees of the board”.

Please feel free to contact Bob Wood at the numbers listed below, or Scott in my office at 266-8531, to discuss this legislation. Thank you.

**Bob Wood:** (608) 583-7606 (home)  
(608) 444-3557 (cell)  
(608) 221-5088 (work)

**COMBINED TEXT OF**  
**2001 ASSEMBLY SUBSTITUTE AMENDMENT 1, AND**  
**2001 ASSEMBLY AMENDMENT 1,**  
**TO ASSEMBLY SUBSTITUTE AMENDMENT 1,**  
**TO 2001 ASSEMBLY BILL 348**

**WITH ADDITIONAL CHANGES TO TEXT HIGHLIGHTED**

1 **AN ACT** to repeal 149.10 (8b) and 149.16 (1); to amend 149.143 (5) (b), 149.15 (3)  
2 (g), 149.16 (4) and 149.16 (5); and to create 149.16 (1m) and 149.16 (3m) of the  
3 statutes; relating to: a competitive bidding process for administration of the  
4 health insurance risk-sharing plan.

*Analysis by the Legislative Reference Bureau*

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

5 **SECTION 1.** 149.10 (8b) of the statutes is repealed.

6 **SECTION 2.** 149.143 (5) (b) of the statutes is amended to read:

7 149.143 (5) (b) Except as provided in sub. (3) and s. 149.144, the department shall  
8 adjust the provider payment rates to meet the providers' specified portion of the plan  
9 costs no more than once annually, subject to s. 149.142 (1) (b). The department may  
10 not determine the adjustment on an individual provider basis or on the basis of  
11 provider type, but shall determine the adjustment for all providers in the aggregate,  
12 subject to s. 149.142 (1) (b).

5        **SECTION 3.** 149.15 (3) (g) of the statutes is amended to read:

6        149.15 (3) (g)    Establish oversight committees to address various  
7 administrative issues, such as financial management of the plan and, selection of the  
8 plan administrator, and plan administrator performance standards. A representative  
9 of the department may not be the chairperson of any committee established under this  
10 paragraph.

11       **SECTION 4.** 149.16 (1) of the statutes is repealed.

1       **SECTION 5.** 149.16 (1m) of the statutes is created to read:

2       149.16 (1m) (a)    The plan administrator shall be selected by the department and  
3 board together in a competitive, request-for-proposals process. The department shall  
4 work with the board and the plan administrator selection committee established under  
5 s. 149.15 (3) (g) to do all of the following:

6       1.    Develop and issue a request for proposals to be used to solicit contract  
7 proposals.

8       2.    Evaluate technical proposals and accompanying cost proposals submitted  
9 in response to the request for proposals.

10      3.    Request and evaluate best and final offers.

11      4.    Select a plan administrator and, subject to sub. (5), award a contract for plan  
12 administration.

13      (b) 1.    Any contract awarded under this section shall have a term of 3 years,  
14 beginning on July 1 and ending on June 30 of the 3rd year beginning after the year  
15 in which the contract year commences. The start work date of the initial contract  
16 awarded under this subsection may not be later than July 1, 2004.

17      2.    Notwithstanding subd. 1., the department, with the concurrence of the  
18 board, may negotiate not more 2 one-year extensions of a contract described under

HIRSP Contract Procurement

February 6, 2003

subd. 1.

3. Notwithstanding subds. 1. and 2., ~~the department with the approval of the board, may provide in a contract awarded under this subsection that the contract may~~ be extended beyond its 3-year term or a one-year extension in order to facilitate the transition to administration of the plan by a succeeding plan administrator.

(c) The plan shall be administered in the state but the administration may not be limited to any particular geographic location within the state.

SECTION 6. 149.16 (3m) of the statutes is created to read:

149.16 (3m) The plan administrator shall submit regular reports to the department, the board, and the plan administrator selection committee ~~and the other committees and subcommittees of the board~~ established under s. 149.15 (3) (g) regarding the operation of the plan. The frequency, content and form of the reports shall be determined by the department, the board, and the plan administrator selection committee ~~and the other committees and subcommittees of the board.~~

SECTION 7. 149.16 (4) of the statutes is amended to read:

149.16 (4) The If the plan administrator selected under sub. (1m) is the fiscal agent under s. 49.45 (2) (b) 2., the plan administrator shall account for costs related to the plan separately from costs related to medical assistance under subch. IV of ch. 49.

SECTION 8. 149.16 (5) of the statutes is amended to read:

149.16 (5) The department shall obtain the approval of the board before implementing any contract with the plan administrator, including any extension of a contract under sub. (1m) (b) 2.

(END)

2003

Date (time)  
needed

LRB-2627, 1

BILL

PJK: King

Use the appropriate components and routines developed for bills.

AN ACT... [generate catalog] *to repeal*...; *to renumber*...; *to consolidate and renumber*...; *to renumber and amend*...; *to consolidate, renumber and amend*...; *to amend*...; *to repeal and recreate*...; and *to create*... of the statutes; relating to:

Insert RC (see next page).

[NOTE: See section 4.02 (2) (br), Drafting Manual, for specific order of standard phrases.]

*Analysis by the Legislative Reference Bureau*

If titles are needed in the analysis, in the component bar:

For the main heading, execute: ..... create → anal: → title: → head

For the subheading, execute: ..... create → anal: → title: → sub

For the sub-subheading, execute: ..... create → anal: → title: → sub-sub

For the analysis text, in the component bar:

For the text paragraph, execute: ..... create → anal: → text

Insert A

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

SECTION #.





State of Wisconsin  
2001 - 2002 LEGISLATURE

LRBs0322/1  
PJK:hmh:jf

ASSEMBLY SUBSTITUTE AMENDMENT 1,  
TO 2001 ASSEMBLY BILL 348

February 11, 2002 - Offered by Representatives UNDERHEIM and WASSERMAN.

1 AN ACT *to repeal* 149.10 (8b) and 149.16 (1); *to amend* 149.15 (3) (g), 149.16 (4)  
2 and 149.16 (5); and *to create* 149.16 (1m) and 149.16 (3m) of the statutes;  
3 relating to: a competitive bidding process for administration of the health  
4 insurance risk-sharing plan.

Insert RC T ✓

✓ The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

5 SECTION 1. 149.10 (8b) ✓ of the statutes is repealed.

6 SECTION 2. 149.15 (3) (g) of the statutes is amended to read:

7 149.15 (3) (g) Establish oversight committees to address various  
8 administrative issues, such as financial management of the plan ~~and~~ <sup>plain</sup> selection of the  
9 plan administrator, ~~and~~ plan administrator performance standards. A  
10 representative of the department may not be the chairperson of any committee  
11 established under this paragraph.

12 SECTION 3. 149.16 (1) ✓ of the statutes is repealed.

Insert 1-5

PWF

SECTION 4. 149.16 (1m) of the statutes is created to read:

149.16 (1m) (a) The plan administrator shall be selected by the department and the board together in a competitive, request-for-proposals process. The department shall work with the board and the plan administrator selection committee established under s. 149.15 (3) (g) to do all of the following:

1. Develop and issue a request for proposals to be used to solicit contract proposals.

2. Evaluate technical proposals and accompanying cost proposals submitted in response to the request for proposals.

3. Request and evaluate best and final offers.

4. Select a plan administrator and, subject to sub. (5), award a contract for plan administration.

(b) 1. Any contract awarded under this subsection shall have a term of 3 years, beginning on July 1 and ending on June 30 of the 3rd year beginning after the year in which the contract commences. The start-work date of the initial contract awarded under this subsection may not be later than July 1, 2004.

2. Notwithstanding subd. 1, the department, with the concurrence of the board, may negotiate not more than 2 one-year extensions of a contract described under subd. 1.

3. Notwithstanding subds. 1. and 2., a contract awarded under this subsection <sup>the department, with the approval of the board, may provide in</sup> that the contract may be extended beyond its 3-year term or a one-year extension in order to facilitate the transition to administration of the plan by a succeeding plan administrator.

SECTION 5. 149.16 (3m) of the statutes is created to read:

149.16 (3m) The plan administrator shall submit regular reports to the department, the board, and the ~~plan administrator selection committee~~ established

Insert 2-22

~~the~~ committees and subcommittees

1 under s. 149.15 (3) (g) regarding the operation of the plan. The frequency, content,  
2 and form of the reports shall be determined by the department, the board, and the  
3 ~~plan administrator selection committee~~ → committees and subcommittees  
of the board

4 SECTION 6. 149.16 (4) of the statutes is amended to read:

5 149.16 (4) The If the plan administrator selected under sub. (1m) is the fiscal  
6 agent under s. 49.45 (2) (b) 2. the plan administrator shall account for costs related  
7 to the plan separately from costs related to ~~medical assistance under subch. IV of ch.~~  
8 49. → Medical Assistance

9 SECTION 7. 149.16 (5) of the statutes is amended to read:

10 149.16 (5) The department shall obtain the approval of the board before  
11 implementing any contract with the plan administrator, including any extension of  
12 a contract under sub. (1m) (b) 2.

13 (END)

D-note

Is  
Is a "start-work" date <sup>no later than</sup> 7/July 1, 2004,  
enough time?

PJK

2003-2004 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-2627/?ins  
.....

INSERT A

The Health Insurance Risk-Sharing Plan (HIRSP) under current law provides major medical health insurance coverage for persons who are covered under Medicare because they are disabled, persons who have tested positive for the human immunodeficiency virus, and persons who have been refused coverage, or coverage at an affordable price, in the private health insurance market because of their mental or physical health condition. Also eligible for coverage are persons who do not currently have health insurance coverage, but who were covered under certain types of health insurance coverage for at least 18 months in the past. HIRSP is administered by the Department of Health and Family Services (DHFS), in conjunction with a plan administrator and a board of governors (board). Under current law, the plan administrator is the same fiscal agent with which DHFS contracts to administer the Medical Assistance program.

This bill eliminates the requirement that the plan administrator be the fiscal agent for the Medical Assistance program and requires ~~that the plan administrator~~ be selected by DHFS and the board in a competitive, request-for-proposals process. Under the bill, the board must establish an oversight committee to assist in the selection process. DHFS must work with the board and the plan administrator selection committee to develop and issue a request for proposals, evaluate proposals, request and evaluate best and final offers, and select a plan administrator and award a contract. DHFS may not implement an administration contract without board approval.

The administration contracts awarded under the new selection process must have three-year terms running from July 1 to June 30, but DHFS may negotiate up to two one-year extensions with board approval. The start work date of the first contract awarded under the new selection process may not be later than July 1, 2004.

The bill makes one other change to HIRSP. Under current law, the costs of HIRSP are paid through a combination of general purpose revenue, premiums, insurer assessments, and health care provider payment rate discounts. Premiums, insurer assessments, and health care provider payment rates may be adjusted during the plan year to cover any deficits. Adjustments to provider rates must be determined in the aggregate and may not be determined on an individual provider or type of provider basis. The bill removes that prohibition so that adjustments to provider payment rates ~~could~~ be made on an individual or provider type basis.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

(END OF INSERT A)

INSERT 1-5 ✓

1           149.143 (5) (b) Except as provided in sub. (3) and s. 149.144, the department  
2 shall adjust the provider payment rates to meet the providers' specified portion of the  
3 plan costs no more than once annually, subject to s. 149.142 (1) (b). ~~The department~~  
4 ~~may not determine the adjustment on an individual provider basis or on the basis~~  
5 ~~of provider type, but shall determine the adjustment for all providers in the~~  
6 ~~aggregate, subject to s. 149.142 (1) (b).~~

History: 1997 a. 27; 1999 a. 9, 165; 2001 a. 16, 109.

(END OF INSERT 1-5)

*Inset 2-22 ✓*

2001 - 2002 LEGISLATURE

LRBa1509/1  
PJK:jld:pg

**ASSEMBLY AMENDMENT 1,  
TO ASSEMBLY SUBSTITUTE AMENDMENT 1,  
TO 2001 ASSEMBLY BILL 348**

March 7, 2002 - Offered by Representatives RILEY, SCHOOFF and KRUG.

1 At the locations indicated, amend the substitute amendment as follows:

2 ~~1. Page 2, line 22: after that line insert.~~

3 *De* (c) The plan shall be administered in the state but the administration may not  
4 be limited to any particular geographic location within the state. *De*

5

(END) *ins 2-22)*

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-2627/1dn  
PJK:kmg:jf

April 30, 2003

Is a "start-work" date of no later than July 1, 2004, enough time?

Pamela J. Kahler  
Senior Legislative Attorney  
Phone: (608) 266-2682  
E-mail: [pam.kahler@legis.state.wi.us](mailto:pam.kahler@legis.state.wi.us)

149.15 (3) (g) Establish oversight committees to address various administrative issues, such as financial management of the plan, selection of the plan administrator, and plan administrator performance standards. A

This provision creates a potential conflict with ~~other~~ <sup>determinations</sup> of adjuster's payment rates under S. 149.143 (b) z. b. on a basis per claim during ~~claim~~ adjudication of a claim.

The people enact .

SECTION  
SECTION  
149.143  
shall adjust  
plan costs no  
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on  
a per  
claim  
basis  
~~not a claim~~  
~~basis~~  
after  
calculated  
the  
adjudica-  
tion of  
a claim.



**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-2627/1dn  
PJK:kmg:jf

April 30, 2003

Is a "start-work" date of no later than July 1, 2004, enough time? *yes*

Pamela J. Kahler  
Senior Legislative Attorney  
Phone: (608) 266-2682  
E-mail: pam.kahler@legis.state.wi.us



State of Wisconsin  
2003 - 2004 LEGISLATURE

LRB-2627/2

PJK:kmg:jf

*mis run*

2003 BILL

*Page*

*Gen. Cat.*

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2 (3) (g), 149.16 (4) and 149.16 (5); and *to create* 149.16 (1m) and 149.16 (3m) of  
3 the statutes; **relating to:** a competitive bidding process for administration of  
4 the Health Insurance Risk-Sharing Plan.

---

***Analysis by the Legislative Reference Bureau***

The Health Insurance Risk-Sharing Plan (HIRSP) under current law provides major medical health insurance coverage for persons who are covered under Medicare because they are disabled, persons who have tested positive for the human immunodeficiency virus, and persons who have been refused coverage, or coverage at an affordable price, in the private health insurance market because of their mental or physical health condition. Also eligible for coverage are persons who do not currently have health insurance coverage, but who were covered under certain types of health insurance coverage for at least 18 months in the past. HIRSP is administered by the Department of Health and Family Services (DHFS), in conjunction with a plan administrator and a board of governors (board). Under current law, the plan administrator is the same fiscal agent with which DHFS contracts to administer the Medical Assistance program.

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**BILL**

the plan administrator selection committee to develop and issue a request for proposals, evaluate proposals, request and evaluate best and final offers, and select a plan administrator and award a contract. DHFS may not implement an administration contract without board approval.

The administration contracts awarded under the new selection process must have three-year terms running from July 1 to June 30, but DHFS may negotiate up to two one-year extensions with board approval. The start work date of the first contract awarded under the new selection process may not be later than July 1, 2004.

The bill makes one other change to HIRSP. Under current law, the costs of HIRSP are paid through a combination of general purpose revenue, premiums, insurer assessments, and health care provider payment rate discounts. Premiums, insurer assessments, and health care provider payment rates may be adjusted during the plan year to cover any deficits. Adjustments to provider rates must be determined in the aggregate and may not be determined on an individual-provider or type-of-provider basis. The bill removes that prohibition ~~that adjustments to provider payment rates may be made on an individual or provider type basis.~~

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

SECTION 1. 149.10 (8b) of the statutes is repealed.

SECTION 2. 149.143 (5) (b) of the statutes is amended to read:

149.143 (5) (b) Except as provided in sub. (3) and s. 149.144, the department shall adjust the provider payment rates to meet the providers' specified portion of the plan costs no more than once annually, subject to s. 149.142 (1) (b). ~~The department may not determine the adjustment on an individual provider basis or on the basis of provider type, but shall determine the adjustment for all providers in the aggregate, subject to s. 149.142 (1) (b).~~

SECTION 3. 149.15 (3) (g) of the statutes is amended to read:

149.15 (3) (g) Establish oversight committees to address various administrative issues, such as financial management of the plan, selection of the plan administrator, and plan administrator performance standards. A

Current law provides that

, allowing more flexibility in the calculation of provider adjustments

**BILL**

1 representative of the department may not be the chairperson of any committee  
2 established under this paragraph.

3 **SECTION 4.** 149.16 (1) of the statutes is repealed.

4 **SECTION 5.** 149.16 (1m) of the statutes is created to read:

5 149.16 (1m) (a) The plan administrator shall be selected by the department  
6 and the board together in a competitive, request-for-proposals process. The  
7 department shall work with the board and the plan administrator selection  
8 committee established under s. 149.15 (3) (g) to do all of the following:

9 1. Develop and issue a request for proposals to be used to solicit contract  
10 proposals.

11 2. Evaluate technical proposals and accompanying cost proposals submitted in  
12 response to the request for proposals.

13 3. Request and evaluate best and final offers.

14 4. Select a plan administrator and, subject to sub. (5), award a contract for plan  
15 administration.

16 (b) 1. Any contract awarded under this subsection shall have a term of 3 years,  
17 beginning on July 1 and ending on June 30 of the 3rd year beginning after the year  
18 in which the contract commences. The start-work date of the initial contract  
19 awarded under this subsection may not be later than July 1, 2004.

20 2. Notwithstanding subd. 1, the department, with the concurrence of the board,  
21 may negotiate not more than 2 one-year extensions of a contract described under  
22 subd. 1.

23 3. Notwithstanding subds. 1. and 2., the department, with the approval of the  
24 board, may provide in a contract awarded under this subsection that the contract

**BILL**

1 may be extended beyond its 3-year term or a one-year extension in order to facilitate  
2 the transition to administration of the plan by a succeeding plan administrator.

3 (c) The plan shall be administered in the state but the administration may not  
4 be limited to any particular geographic location within the state.

5 **SECTION 6.** 149.16 (3m) of the statutes is created to read:

6 149.16 (3m) The plan administrator shall submit regular reports to the  
7 department, the board, and the committees and subcommittees established under  
8 s. 149.15 (3) (g) regarding the operation of the plan. The frequency, content, and form  
9 of the reports shall be determined by the department, the board, and the committees  
10 and subcommittees of the board.

11 **SECTION 7.** 149.16 (4) of the statutes is amended to read:

12 149.16 (4) The If the plan administrator selected under sub. (1m) is the fiscal  
13 agent under s. 49.45 (2) (b) 2., the plan administrator shall account for costs related  
14 to the plan separately from costs related to ~~medical assistance under subch. IV of ch.~~  
15 49 Medical Assistance.

16 **SECTION 8.** 149.16 (5) of the statutes is amended to read:

17 149.16 (5) The department shall obtain the approval of the board before  
18 implementing any contract with the plan administrator, including any extension of  
19 a contract under sub. (1m) (b) 2.

20 (END)



**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

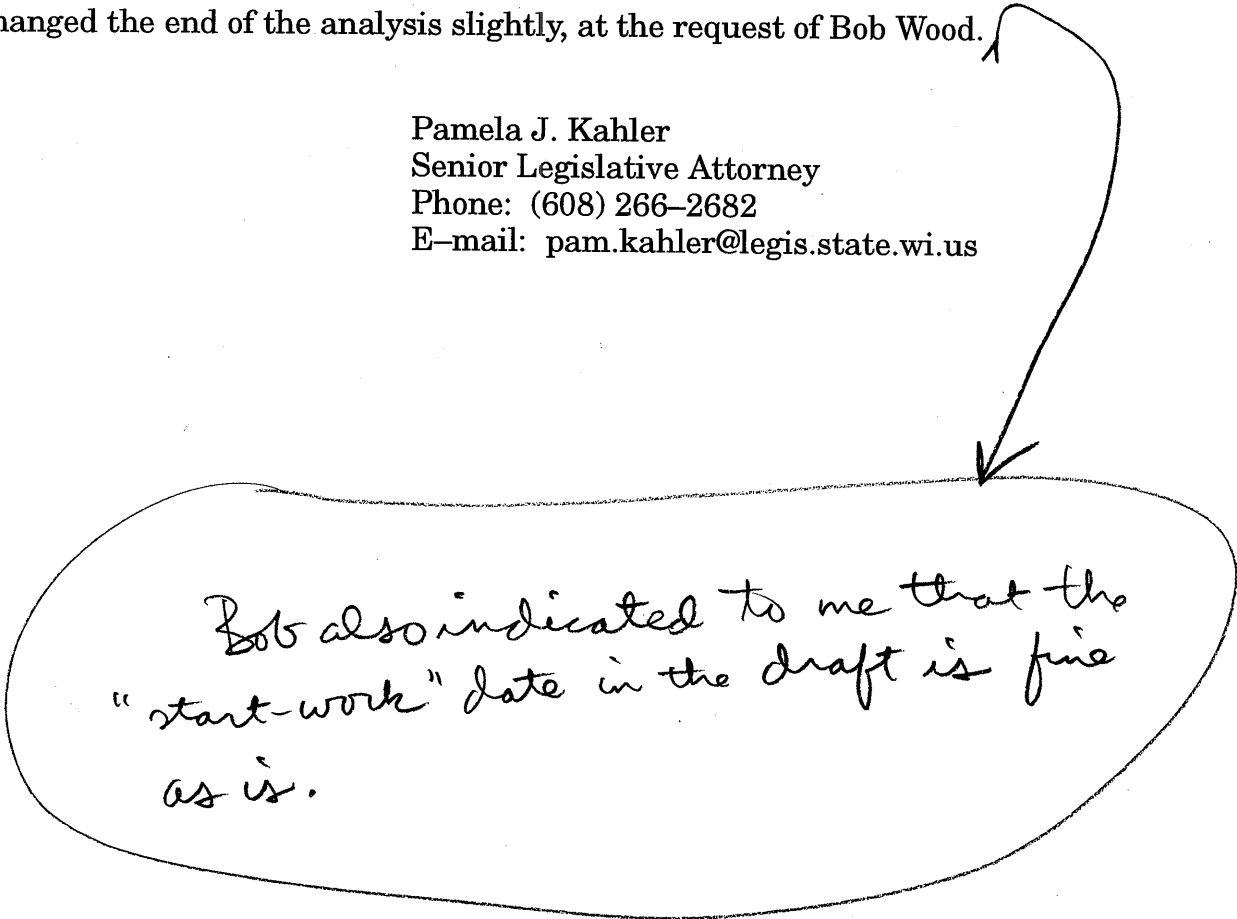
LRB-2627/2dn

PJK:legif

*kmj*

I have changed the end of the analysis slightly, at the request of Bob Wood.

Pamela J. Kahler  
Senior Legislative Attorney  
Phone: (608) 266-2682  
E-mail: [pam.kahler@legis.state.wi.us](mailto:pam.kahler@legis.state.wi.us)



*Bob also indicated to me that the  
"start-work" date in the draft is fine  
as is.*

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-2627/2dn  
PJK:kmg:rs

May 15, 2003

I have changed the end of the analysis slightly, at the request of Bob Wood. Bob also indicated to me that the "start-work" date in the draft is fine as is.

Pamela J. Kahler  
Senior Legislative Attorney  
Phone: (608) 266-2682  
E-mail: [pam.kahler@legis.state.wi.us](mailto:pam.kahler@legis.state.wi.us)

To: All Legislators

From: Representative Sheryl K. Albers

Date: ~~February 4, 2003~~ August 11, 2003

Re: LRB 2627/1 - Competitive Bidding for the Administration of HIRSP

This bill is largely a reintroduction of Assembly Bill 348 (as amended by Assembly Amendment 1 to Assembly Substitute Amendment 1) from last session. That bill, as amended, passed on a unanimous 99-0 vote.

The 2003-2005 budget bill includes several changes to HIRSP statutes that represent a good first step toward getting a new contract in place for HIRSP plan administration, but that do not go far enough in assuring a strong role in the procurement process for the HIRSP Board of Governors or in setting a firm date to have a new contract in place:

The Governor included provisions in the 2003-2005 budget bill eliminating the requirement that the fiscal agent for the Medical Assistance program also administer HIRSP, and providing that the plan administrator may be selected by Department of Health and Family Services "in a competitive bidding process." These changes to the HIRSP statutes remain unchanged in 2003 Wisconsin Act 33.

The Joint Committee on Finance added non-statutory provisions [Section 9124 (10h)] in the 2003-2005 budget bill relating to HIRSP contract procurement that would have required the Department of Health and Family Services to submit a Request for Proposal (RFP) for competitive procurement of a contract for HIRSP administration to the Co-Chairs of the Joint Committee on Finance for review by the Committee not later than six months after the effective date of the 2003-05 Executive Budget.

The Governor vetoed these Section 9124 (10h) provisions in their entirety. In commenting on his veto, the Governor noted that he has requested "the Department of Health and Family Services secretary to prepare a request for proposal," but did not set a firm date to have a new contract in place.

Additionally, on July 22, 2003, the Assembly Committee on Health held an informational hearing on HIRSP at which a panel of HIRSP Board members presented testimony recommending changes to statutes to assure a strong role for the board in HIRSP contract procurement and award of a new contract for HIRSP plan administration with start work on the contract not later than July 1, 2004.

The bill, as drafted, would make the following changes to the HIRSP program relating to contract procurement, all of which reflect either April 2003 HIRSP Board of Governors recommendations, or related July 2003 recommendations made before the Assembly Committee on Health by HIRSP Board members:

- \* Eliminates the requirement that the fiscal agent for the Medical Assistance program also administer HIRSP, creating instead a competitive bidding process for HIRSP administration. Require that the HIRSP plan administrator "shall be selected by the department and the board together in a competitive, request for proposals process." There been no competitive procurement of a HIRSP administrative contract since 1996. Competition now will allow the HIRSP board to choose the best possible vendor, guaranteeing participants offering the best combination of quality and cost available to administer



HIRSP.

- \* Require that HIRSP contracts for plan administration shall have a term of 3 years, beginning on July 1 and ending on June 30 of the 3rd year beginning after the year in which the contract year commences, and that the start work date of the initial contract may not be later than July 1, 2004.
- \* Require that all HIRSP contracts for plan administration or for other separate plan administrative services shall be contracts between the HIRSP Board of Governors and the contractor providing the administrative services.
- \* ~~Allow adjustments to provider payment rates to be made on an individual or provider-type basis. Currently, premiums, insurer assessments~~ assessments, and health care provider payments can be adjusted to cover for deficits withing HIRSP. However, adjustments must be made in aggregate. This one-size-fits-all policy is not the most effective way to address costs. Clarify the methodology relating to provider rate adjustments to fund HIRSP by specifying that, "Whenever a claim is processed for payment or denial, the adjustment of a provider's payment rate to meet the provider's specified funding portion of the plan costs shall be calculated and applied on a per claim basis, and shall be disclosed as such on the claim explanation of benefits (EOB) form provided to the policyholder and the provider."

LRB analysis follows, and a copy of the draft is attached for your review. If you would like to be a co-sponsor of this legislation, or if you have any questions, please contact Ryan Gruber at 266-8531. The deadline for co-sponsorship is 3:00 p.m. on **Friday, July 18**. Thank you!

**Plain text without strike-outs and underlining follows herewith:**

To: All Legislators

From: Representative Sheryl K. Albers

Date: August 11, 2003

Re: LRB 2627/1 - Competitive Bidding for the Administration of HIRSP

This bill is largely a reintroduction of Assembly Bill 348 (as amended by Assembly Amendment 1 to Assembly Substitute Amendment 1) from last session. That bill, as amended, passed on a unanimous 99-0 vote.

The 2003-2005 budget bill includes several changes to HIRSP statutes that represent a good first step toward getting a new contract in place for HIRSP plan administration, but that do not go far enough in assuring a strong role in the procurement process for the HIRSP Board of Governors or in setting a firm date to have a new contract in place:

The Governor included provisions in the 2003-2005 budget bill eliminating the requirement that the fiscal agent for the Medical Assistance program also administer HIRSP, and providing that the plan administrator may be selected by Department of Health and Family Services "in a competitive bidding process." These changes to the HIRSP statutes remain unchanged in 2003 Wisconsin Act 33.

The Joint Committee on Finance added non-statutory provisions [Section 9124 (10h)] in the 2003-2005 budget bill relating to HIRSP contract procurement that would have required the Department of Health and Family Services to submit a Request for Proposal (RFP) for competitive procurement of a contract for HIRSP administration to the Co-Chairs of the Joint Committee on Finance for review by the Committee not later than six months after the effective date of the 2003-05 Executive Budget.

The Governor vetoed these Section 9124 (10h) provisions in their entirety. In commenting on his veto, the Governor noted that he has requested "the Department of Health and Family Services secretary to prepare a request for proposal," but did not set a firm date to have a new contract in place.

Additionally, on July 22, 2003, the Assembly Committee on Health held an informational hearing on HIRSP at which a panel of HIRSP Board members presented testimony recommending changes to statutes to assure a strong role for the board in HIRSP contract procurement and award of a new contract for HIRSP plan administration with start work on the contract not later than July 1, 2004.

The bill, as drafted, would make the following changes to the HIRSP program relating to contract procurement, all of which reflect either April 2003 HIRSP Board of Governors recommendations, or related July 2003 recommendations made before the Assembly Committee on Health by HIRSP Board members:

- \* Require that the HIRSP plan administrator "shall be selected by the department and the board together in a competitive, request for proposals process." There been no competitive procurement of a HIRSP

administrative contract since 1996. Competition now will allow the HIRSP board to choose the best possible vendor, offering the best combination of quality and cost to administer HIRSP.

- \* Require that HIRSP contracts for plan administration shall have a term of 3 years, beginning on July 1 and ending on June 30 of the 3rd year beginning after the year in which the contract year commences, and that the start work date of the initial contract may not be later than July 1, 2004.
- \* Require that all HIRSP contracts for plan administration or for other separate plan administrative services shall be contracts between the HIRSP Board of Governors and the contractor providing the administrative services.
- \* Clarify the methodology relating to provider rate adjustments to fund HIRSP by specifying that, "Whenever a claim is processed for payment or denial, the adjustment of a provider's payment rate to meet the provider's specified funding portion of the plan costs shall be calculated and applied on a per claim basis, and shall be disclosed as such on the claim explanation of benefits (EOB) form provided to the policyholder and the provider."

LRB analysis follows, and a copy of the draft is attached for your review. If you would like to be a co-sponsor of this legislation, or if you have any questions, please contact Ryan Gruber at 266-8531. The deadline for co-sponsorship is 3:00 p.m. on **Friday, July 18**. Thank you!

**Proposed Revisions to LRB-2627/1****2003 BILL**

1 **AN ACT** ~~to repeal 149.10 (8b) and 149.16 (1); to amend~~ 149.143 (5) (b), 149.15  
2 (3) (g), 149.16 (title), 149.16 (1m), 149.16 (4) and 149.16 (5); and *to create*  
3 ~~149.16 (1m)~~ and 149.16 (3m) of the statutes; **relating to:** a competitive bidding  
4 process for administration of the health insurance risk-sharing plan.

---

*Analysis by the Legislative Reference Bureau*

---

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

5 ~~SECTION 1. 149.10 (8b) of the statutes is repealed.~~

6 **SECTION 2 1.** 149.143 (5) (b) of the statutes is amended to read:

7 149.143 (5) (b) Except as provided in sub. (3) and s. 149.144, the department shall  
8 adjust the provider payment rates to meet the providers' specified portion of the plan  
9 costs no more than once annually, subject to s. 149.142 (1) (b). **The department may**  
10 **not determine the adjustment on an individual provider basis or on the basis of**

1 provider type, but shall determine the adjustment for all providers in the  
2 aggregate, subject to s. 149.142 (1) (b). Whenever a claim is processed for  
3 payment or denial, the adjustment of a provider's payment rate to meet the  
4 provider's specified portion of the plan costs (shall be calculated and applied on  
5 a per claim basis, and shall be disclosed as such on the claim explanation of  
6 benefits (EOB) form) provided to the policyholder and the provider.

initial  
N  
later?  
?

7 SECTION 3 2. 149.15 (3) (g) of the statutes is amended to read:

8 149.15 (3) (g) Establish oversight committees to address various  
9 administrative issues, such as financial management of the plan, selection of the plan  
10 administrator award of administrative services contracts, and plan administrator  
11 contract performance standards. A representative of the department may not be the  
12 chairperson of any committee established under this paragraph.

13 SECTION 3. 149.16 (title) of the statutes is amended to read:

14 149.16 (title) Plan administrator; administrative services.

15 SECTION 4. ~~149.16 (1) of the statutes is repealed.~~

16 SECTION 5 4. 149.16 (1m) of the statutes is ~~created~~ amended to read:

17 149.16 (1m) (a) The plan administrator ~~may~~ shall be selected by the  
18 department and the board together in a competitive, request-for-proposals bidding  
19 process. The department shall work with and the board and, upon the  
20 recommendation of the plan administrator selection administrative services  
21 contracts committee established under s. 149.15 (3) (g) to, shall do all of the  
22 following:

23 1. Develop and issue a request for proposals to be used to solicit contract  
24 proposals.

1       2. Evaluate technical proposals and accompanying cost proposals submitted in  
2 response to the request for proposals.

3       3. Request and evaluate best and final offers.

4       4. Select a plan administrator and, subject to sub. (5) (6), award a contract for plan  
5 administration.

6       (b) 1. Any contract awarded under this section par. (a) shall have a term of 3  
7 years, beginning on July 1 and ending on June 30 of the 3rd year beginning after the  
8 year in which the contract year commences. The start work date of the initial contract  
9 awarded under this subsection par. (a) may not be later than July 1, 2004.

10       2. Notwithstanding subd. 1., the department, ~~with the concurrence of and the~~  
11 board, may negotiate not more than 2 one-year extensions of a contract described  
12 under subd. 1.

13       3. Notwithstanding subds. 1. and 2., the department, ~~with the approval of and~~  
14 the board, may provide in a contract awarded under this subsection that the contract  
15 may be extended beyond its 3-year term or a one-year extension in order to facilitate  
16 the transition to administration of the plan by a succeeding plan administrator.

17       (c) ~~The plan shall be administered in the state but the administration may not~~  
18 ~~be limited to any particular geographic location within the state.~~ [NB: Moved to  
19 Section 8, below.]

20       **SECTION 6 5.** 149.16 (3m) of the statutes is created to read:

21       149.16 (3m) The plan administrator shall submit regular reports to the  
22 department, the board, and the ~~plan administrator selection committee and the~~  
23 ~~other~~ committees and subcommittees of the board established under s. 149.15 (3) (g)  
24 regarding the operation of the plan. The frequency, content, distribution and form  
25 of the reports shall be determined by the department, the board, and the ~~plan~~

1 ~~administrator selection committee and the other~~ committees and subcommittees  
2 of the board, as may be appropriate.

3 SECTION ~~7~~ 6. 149.16 (4) of the statutes is amended to read:

4 149.16 (4) ~~The~~ If the plan administrator selected under sub. (1m) is the fiscal  
5 agent under s. 49.45 (2) (b) 2., the plan administrator shall account for costs related  
6 to the plan separately from costs related to medical assistance under subch. IV of ch.  
7 49.

8 SECTION ~~8~~ 7. 149.16 (5) of the statutes is amended to read:

9 149.16 (5) ~~The department shall obtain the approval of the board before~~  
10 ~~implementing any contract with the plan administrator, including any extension of a~~  
11 ~~contract under sub. (1m) (b) 2. The department and the board together may award~~  
12 separate contracts for services such as legal services, actuarial services, audit  
13 services, prescription drug benefit management (PBM) services, or for any other  
14 appropriate services not provided by the plan administrator under the contract  
15 awarded under sub. (1m) (a). All such separate contracts shall be awarded using  
16 a competitive, request-for-proposals process consistent with the process specified  
17 under sub. (1m) (a).

18 SECTION 8. 149.16 (6) of the statutes is created to read:

19 149.16 (6) All contracts under sub. (1m) for plan administration or under  
20 sub. (5) for separate plan administrative services shall be contracts between the  
21 plan board of governors and the contractor providing the administrative  
22 services. All contracts under subs. (1m) or (5) shall be administered in the state  
23 but the place at which a contractor is to administer the contract may not be  
24 limited to any particular geographic location within the state.

25 (END)



State of Wisconsin  
2003 - 2004 LEGISLATURE

LRB-2627/2  
PJK:kmg:rs

rm's run

2003 BILL



request-for-proposals

regenerate ↓

selecting the administrator

- 1 AN ACT *to repeal* 149.10 (8b) and 149.16 (1); *to amend* 149.143 (5) (b), 149.15  
2 (3) (g), 149.16 (4) and 149.16 (5); and *to create* 149.16 (1m) and 149.16 (3m) of  
3 the statutes; **relating to:** a competitive ~~request-for-proposals~~ process for ~~administration~~ of  
4 the Health Insurance Risk-Sharing Plan.

**Analysis by the Legislative Reference Bureau**

The Health Insurance Risk-Sharing Plan (HIRSP) under current law provides major medical health insurance coverage for persons who are covered under Medicare because they are disabled, persons who have tested positive for the human immunodeficiency virus, and persons who have been refused coverage, or coverage at an affordable price, in the private health insurance market because of their mental or physical health condition. Also eligible for coverage are persons who do not currently have health insurance coverage, but who were covered under certain types of health insurance coverage for at least 18 months in the past. HIRSP is administered by the Department of Health and Family Services (DHFS), in conjunction with a plan administrator and a board of governors (board). Under current law, the plan administrator is the same fiscal agent with which DHFS contracts to administer the Medical Assistance program.

This bill eliminates the requirement that the plan administrator be the fiscal agent for the Medical Assistance program and requires, instead, that the plan administrator be selected by DHFS and the board in a competitive, request-for-proposals process. Under the bill, the board must establish an oversight committee to assist in the ~~selection process~~ DHFS ~~will work with~~ the board ~~the~~

awarding of administrative <sup>services</sup> contracts

Insert A-1



## BILL

upon the recommendation of the administrative contracts <sup>services</sup> committee. <sup>must</sup> develop and issue a request for proposals, evaluate proposals, request and evaluate best and final offers, and select a plan administrator and award a contract. ~~DHFS may not implement an administration contract without board approval~~

The ~~contracts~~ contracts awarded under the new selection process must have three-year terms running from July 1 to June 30, but DHFS may negotiate up to two one-year extensions ~~without board approval~~. The start work date of the first contract awarded under the new selection process may not be later than July 1, 2004.

The bill makes one other change to HIRSP. Under current law, the costs of HIRSP are paid through a combination of ~~general purpose revenue~~, premiums, insurer assessments, and health care provider payment rate discounts. ~~Insurer assessments and health care provider payment rates~~ may be adjusted during the plan year to cover any deficits. Current law provides that adjustments to provider rates must be determined in the aggregate and may not be determined on an individual provider or type of provider basis. The bill removes the prohibition, allowing more flexibility in the calculation of provider adjustments.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

SECTION 1. 149.10 (8b) of the statutes is repealed.

SECTION 2. 149.143 (5) (b) of the statutes is amended to read:

149.143 (5) (b) Except as provided in sub. (3) and s. 149.144, the department shall adjust the provider payment rates to meet the providers' specified portion of the plan costs no more than once annually, subject to s. 149.142 (1) (b). The department may not determine the adjustment on an individual provider basis or on the basis of provider type, but shall determine the adjustment for all providers in the aggregate, subject to s. 149.142 (1) (b).

SECTION 3. 149.15 (3) (g) of the statutes is amended to read:

149.15 (3) (g) Establish oversight committees to address various administrative issues, such as financial management of the plan ~~and plan administrator~~ and plan administrator performance standards. A

the awarding of administrative services contracts, and contract

## BILL

1 representative of the department may not be the chairperson of any committee  
2 established under this paragraph.

3 ~~SECTION 4. 149.16 (1) of the statutes is repealed.~~

4 SECTION 5. 149.16 (1m) of the statutes is created to read:

5 149.16 (1m) (a) The plan administrator shall be selected by the department  
6 and the board together in a competitive, request-for-proposals process. The  
7 department shall work with the board and the plan administrator selection  
8 committee established under s. 149.15 (3) (g) to do all of the following:

9 1. Develop and issue a request for proposals to be used to solicit contract  
10 proposals.

SECTION #. CR; 149.16(1m)(a) 2. ✓

11 2. Evaluate technical proposals and accompanying cost proposals submitted in  
12 response to the request for proposals.

SECTION #. CR; 149.16(1m)(a) 3. ✓

13 3. Request and evaluate best and final offers.

SECTION #. CR; 149.16(1m)(a) 4. ✓

14 4. Select a plan administrator and ~~award a contract for plan~~  
15 administration.

SECTION #. CR; 149.16(1m)(b) and (c) ✓

16 149.16(1m)(b) 1. Any contract awarded under this subsection shall have a term of 3 years,  
17 beginning on July 1 and ending on June 30 of the 3rd year beginning after the year  
18 in which the contract commences. The start-work date of the initial contract  
19 awarded under this subsection may not be later than July 1, 2004. ✓

20 2. Notwithstanding subd. 1, the department ~~with the board~~ <sup>and</sup> the board  
21 may negotiate not more than 2 one-year extensions of a contract described under  
22 subd. 1.

23 3. Notwithstanding subds. 1. and 2., the department ~~with the board~~ <sup>and</sup> the  
24 board may provide in a contract awarded under this subsection that the contract

Insert 3-0 ✓

149.16(1m)(a) (B)

## BILL

1 may be extended beyond its 3-year term or a one-year extension in order to facilitate  
2 the transition to administration of the plan by a succeeding plan administrator.

3 (c) The plan shall be administered in the state but the administration may not  
4 be limited to any particular geographic location within the state.

5 SECTION 6. 149.16 (3m) of the statutes is created to read:

6 149.16 (3m) The plan administrator shall submit regular reports to the  
7 department, the board, and the committees and subcommittees established under  
8 s. 149.15 (3) (g) regarding the operation of the plan. The frequency, content, ~~and~~ form  
9 of the reports shall be determined by the department, the board, and the committees  
10 and subcommittees of the board, as appropriate

11 SECTION 7. 149.16 (4) of the statutes is amended to read:

12 149.16 (4) ~~The~~ If the plan administrator selected under sub. (1m) is the fiscal  
13 agent under s. 49.45 (2) (b) 2., the plan administrator shall account for costs related  
14 to the plan separately from costs related to medical assistance under subch. IV of ch.  
15 49 Medical Assistance.

16 SECTION 8. 149.16 (5) of the statutes is amended to read:

17 149.16 (5) The department shall obtain the approval of the board before  
18 implementing any contract with the plan administrator, including any extension of  
19 a contract under sub. (1m) (b) 2.

20

(END)

Insert 4-19

D-note

**2003-2004 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-2627/3ins  
PJK:kmg:rs

**INSERT A-1** ✓

*not* DHFS may select the plan administrator in a competitive bidding process.  
Q This bill requires DHFS and the board to select a plan administrator together  
(END OF INSERT A-1)

**INSERT A-2** ✓

*not* The bill also provides that DHFS and the board may together, using competitive request-for-proposals processes, award contracts for administrative services that are not provided by the plan administrator, such as legal and actuarial services. ✓

(END OF INSERT A-2)

**INSERT A-3** ✓

*not* The bill provides that whenever a claim is processed for payment, any discount or later adjustment to the provider's payment rate must be calculated and applied on a per-claim basis and disclosed on the explanation of benefits form provided to the covered person and to the provider. ✓

(END OF INSERT A-3)

**INSERT 2-1** ✓

1       **SECTION 1.** 149.142 (3) of the statutes is created to read:  
2       149.142 (3) Whenever a claim is processed for payment, the adjustment of a  
3       provider's payment rate under sub. (1) and any adjustment under s. 149.143 ✓ or  
4       149.144 shall be calculated and applied on a per-claim basis. The adjustment shall  
5       be disclosed on the explanation of benefits form provided to the eligible person and  
6       to the provider.

(END OF INSERT 2-1)

**INSERT 3-8** ✓

7       **SECTION 2.** 149.16 (title) of the statutes is amended to read:

↓

*ens 3-8 contd*

1           **149.16 (title) Plan administrator; administrative services.**

History: 1997 a. 27 ss. 3030, 3031, 4882 to 4884c, 4886; 1999 a. 9.

2           **SECTION 3.** 149.16 (1m) of the statutes, as created by 2003 Wisconsin Act 33,  
3 is renumbered 149.16 (1m) (a) (intro.) and amended to read:

4           149.16 (1m) (a) (intro.) The plan administrator ~~may~~ shall be selected by the  
5 department and the board together in a competitive bidding ~~request-for-proposals~~  
6 process. The department and the board, upon the recommendation of the  
7 administrative services contracts committee established under s. 149.15 (3) (g), shall  
8 do all of the following:

History: 2003 a. 33.

9           **SECTION 4.** 149.16 (1m) (a) 1. of the statutes is created to read:

(END OF INSERT 3-8)

INSERT 4-4

10           (c) Any contract under this subsection shall be between the board and the plan  
11 administrator selected under par. (a).

(END OF INSERT 4-4)

INSERT 4-19

12           **SECTION 5.** 149.16 (4m) of the statutes is created to read:

13           149.16 (4m) The department and the board together may award contracts for  
14 administrative and other services that not provided by the plan administrator under  
15 the contract under sub. (1m), such as legal, actuarial, auditing, and prescription drug  
16 benefit management services. A competitive, request-for-proposals process that is  
17 consistent with the process used for awarding a contract under sub. (1m) shall be  
18 used for awarding any contract under this subsection. Any contract under this  
19 subsection shall be between the board and the person providing services under the  
20 contract.



*Ens 4-19 contd* ✓

1

**SECTION 6.** 149.16 (5) of the statutes is repealed.

(END OF INSERT 4-19)

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-2627/3dn

PJK:kmg:rs



This version of the draft does not include the proposed language related to the place where contracts are to be administered. I don't know why the provision is needed. Because HIRSP is a state program and only state residents are eligible for the benefits, I assume contracts for administrative services for HIRSP will necessarily be administered in this state. Nothing in current law or this draft seems to require that "the place at which a contractor is to administer a contract" be limited to a particular geographic location in the state, so why do we need to say that "the place" may not be limited to a particular geographic location? Who or what would require such a limitation? It seems very vague and confusing to refer to the place where a contract is administered. Does "the place at which a contractor administers a contract" mean the location of the building in which the administrative work is done? Does it mean where the "administration" would have an effect? I don't know what problem or potential problem this language is meant to address.

Pamela J. Kahler  
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Phone: (608) 266-2682  
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**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-2627/3dn  
PJK:kmg:ch

September 26, 2003

This version of the draft does not include the proposed language related to the place where contracts are to be administered. I don't know why the provision is needed. Because HIRSP is a state program and only state residents are eligible for the benefits, I assume contracts for administrative services for HIRSP will necessarily be administered in this state. Nothing in current law or this draft seems to require that "the place at which a contractor is to administer a contract" be limited to a particular geographic location in the state, so why do we need to say that "the place" may not be limited to a particular geographic location? Who or what would require such a limitation? It seems very vague and confusing to refer to the place where a contract is administered. Does "the place at which a contractor administers a contract" mean the location of the building in which the administrative work is done? Does it mean where the "administration" would have an effect? I don't know what problem or potential problem this language is meant to address.

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## Kahler, Pam

---

**From:** Robert T. Wood [bwoodx2@mhtc.net]  
**Sent:** Thursday, October 02, 2003 12:50 PM  
**To:** Gruber, Ryan; Pamela J. Kahler  
**Subject:** Re: Updated draft HIRSP - Competitive Bidding

Pam:  
Ryan:

With regard to drafting note LRB-2627/3dn, "the proposed language related to the place where contracts are to be administered" was included in 2001 AB 348 during the second reading on the floor of the Assembly as the result of an amendment offered and adopted on the floor of the Assembly by then Representative Antonio Riley.

Rep. Riley wanted to ensure that an RFP for HIRSP administration could not require that the plan administrator establish an office to administer HIRSP in Madison or in the greater Madison area. Rep. Riley was concerned that such a requirement would shut out the Milwaukee labor market if there were to be any new jobs in Wisconsin created by the procurement.

Blue Cross and Blue Shield United of Wisconsin, now Cobalt Corporation, is headquartered in Milwaukee, is a current subcontractor for HIRSP program administration, and can be expected to submit a bid to provide HIRSP administrative services under any future HIRSP contract procurement for administrative services.

I have scanned OCI's 1996 RFP for HIRSP administrative services, and do not believe that that RFP contained a requirement that HIRSP administrative services offices be located in the Madison area.

However, I also recall that Blue Cross and Blue Shield United of Wisconsin in fact had an office in Janesville which housed most of the staff then used to administer the 1996 HIRSP contract, but I believe that that office has since been closed down.

In sum, the purpose of including such language in the bill draft would be to assure Milwaukee legislators that an RFP for HIRSP administrative services would not exclude the Milwaukee labor market from a shot at any new jobs that might be created in Wisconsin by the procurement.

Regards,

Bob Wood

Gruber, Ryan wrote:

>Bob,  
>  
>Here's the most recent draft and the drafter's note that accompanied it. I  
>would encourage you to contact Pam Kahler to discuss her question since I am  
>not certain that I am equipped to answer it.  
>  
> <<03-26273.pdf>> <<03-26273dn.pdf>>  
>  
>Ryan Gruber

>Research Assistant  
>Clerk, Assembly Committee on Property  
>Rights and Land Management  
>Office of Rep. Sheryl Albers  
>1-877-947-0050 (in Wisconsin)  
>1-608-266-8531  
>1-608-282-3650 (fax)  
>ryan.gruber@legis.state.wi.us

>  
>  
>  
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State of Wisconsin  
2003 - 2004 LEGISLATURE

LRB-2627/4

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rm is run

2003 BILL

D-100

regenerate  
↓

contracting for  
administrative services  
for

1 AN ACT *to repeal* 149.16 (5); *to renumber and amend* 149.16 (1m); *to amend*  
2 149.15 (3) (g) and 149.16 (title); and *to create* 149.142 (3), 149.16 (1m) (a) 1.,  
3 149.16 (1m) (a) 2., 149.16 (1m) (a) 3., 149.16 (1m) (a) 4., 149.16 (1m) (b) and (c),  
4 149.16 (3m) and 149.16 (4m) of the statutes; **relating to:** ~~a competitive~~  
5 ~~request-for-proposals process for selecting the administrator of the Health~~  
6 Insurance Risk-Sharing Plan.

***Analysis by the Legislative Reference Bureau***

The Health Insurance Risk-Sharing Plan (HIRSP) under current law provides major medical health insurance coverage for persons who are covered under Medicare because they are disabled, persons who have tested positive for the human immunodeficiency virus, and persons who have been refused coverage, or coverage at an affordable price, in the private health insurance market because of their mental or physical health condition. Also eligible for coverage are persons who do not currently have health insurance coverage, but who were covered under certain types of health insurance coverage for at least 18 months in the past. HIRSP is administered by the Department of Health and Family Services (DHFS), in conjunction with a plan administrator and a board of governors (board). Under current law, DHFS may select the plan administrator in a competitive bidding process.

This bill requires DHFS and the board to select a plan administrator together in a competitive, request-for-proposals process. Under the bill, the board must

**BILL**

establish an oversight committee to assist in the awarding of administrative services contracts. DHFS and the board, upon the recommendation of the administrative services contracts committee, must develop and issue a request for proposals, evaluate proposals, request and evaluate best and final offers, and select a plan administrator and award a contract. The plan administrator contracts awarded under the new selection process must have three-year terms running from July 1 to June 30, but DHFS and the board may negotiate up to two one-year extensions. The start work date of the first contract awarded under the new selection process may not be later than July 1, 2004. The bill also provides that DHFS and the board may together, using competitive request-for-proposals processes, award contracts for administrative services that are not provided by the plan administrator, such as legal and actuarial services.

→ **Insert A**  
The bill makes one other change to HIRSP. Under current law, the costs of HIRSP are paid through a combination of premiums, insurer assessments, and health care provider payment rate discounts, all of which may be adjusted during the plan year to cover any deficits. The bill provides that, whenever a claim is processed for payment, any discount or later adjustment to the provider's payment rate must be calculated and applied on a per-claim basis and disclosed on the explanation-of-benefits form provided to the covered person and to the provider.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1       **SECTION 1.** 149.142 (3) of the statutes is created to read:

2       149.142 (3) Whenever a claim is processed for payment, the adjustment of a  
3       provider's payment rate under sub. (1) and any adjustment under s. 149.143 or  
4       149.144 shall be calculated and applied on a per-claim basis. The adjustment shall  
5       be disclosed on the explanation of benefits form provided to the eligible person and  
6       to the provider.

7       **SECTION 2.** 149.15 (3) (g) of the statutes is amended to read:

8       149.15 (3) (g) Establish oversight committees to address various  
9       administrative issues, such as financial management of the plan and plan  
10      ~~administrator, the awarding of administrative services contracts, and contract~~

**BILL**

performance standards. A representative of the department may not be the chairperson of any committee established under this paragraph.

**SECTION 3.** 149.16 (title) of the statutes is amended to read:

**149.16 (title) Plan administrator; administrative services.**

**SECTION 4.** 149.16 (1m) of the statutes, as created by 2003 Wisconsin Act 33, is renumbered 149.16 (1m) (a) (intro.) and amended to read:

149.16 (1m) (a) (intro.) The plan administrator ~~may~~ shall be selected by the department and the board together in a competitive ~~bidding request-for-proposals~~ process. The department and the board, upon the recommendation of the administrative services contracts committee established under s. 149.15 (3) (g), shall do all of the following:

**SECTION 5.** 149.16 (1m) (a) 1. of the statutes is created to read:

149.16 (1m) (a) 1. Develop and issue a request for proposals to be used to solicit contract proposals.

**SECTION 6.** 149.16 (1m) (a) 2. of the statutes is created to read:

149.16 (1m) (a) 2. Evaluate technical proposals and accompanying cost proposals submitted in response to the request for proposals.

**SECTION 7.** 149.16 (1m) (a) 3. of the statutes is created to read:

149.16 (1m) (a) 3. Request and evaluate best and final offers.

**SECTION 8.** 149.16 (1m) (a) 4. of the statutes is created to read:

149.16 (1m) (a) 4. Select a plan administrator and award a contract for plan administration.

**SECTION 9.** 149.16 (1m) (b) and (c) of the statutes ~~are~~ <sup>is</sup> created to read:

149.16 (1m) (b) 1. Any contract awarded under this subsection shall have a term of 3 years, beginning on July 1 and ending on June 30 of the 3rd year beginning

## BILL

1 after the year in which the contract commences. The start-work date of the initial  
2 contract awarded under this subsection may not be later than July 1, 2004.

3 2. Notwithstanding subd. 1, the department and the board may negotiate not  
4 more than 2 one-year extensions of a contract described under subd. 1.

5 3. Notwithstanding subds. 1. and 2., the department and the board may provide  
6 in a contract awarded under this subsection that the contract may be extended  
7 beyond its 3-year term or a one-year extension in order to facilitate the transition  
8 to administration of the plan by a succeeding plan administrator.

9 (c) Any contract under this subsection shall be between the board and the plan  
10 administrator selected under par. (a).

11 **SECTION 10.** 149.16 (3m) of the statutes is created to read:

12 149.16 (3m) The plan administrator shall submit regular reports to the  
13 department, the board, and the committees and subcommittees established under  
14 s. 149.15 (3) (g) regarding the operation of the plan. The frequency, content, form,  
15 and distribution of the reports shall be determined by the department, the board, and  
16 the committees and subcommittees of the board, as appropriate.

17 **SECTION 11.** 149.16 (4m) of the statutes is created to read:

18 149.16 (4m) The department and the board together may award contracts for  
19 administrative and other services that <sup>are</sup> not provided by the plan administrator under  
20 the contract under sub. (1m), such as legal, actuarial, auditing, and prescription drug  
21 benefit management services. A competitive, request-for-proposals process that is  
22 consistent with the process used for awarding a contract under sub. (1m) shall be  
23 used for awarding any contract under this subsection. Any contract under this  
24 subsection shall be between the board and the person providing services under the  
25 contract.

**BILL**

1

SECTION 12. 149.16 (5) of the statutes is repealed.

2

(END)

Insert 5-1 ✓

J-note

This version adds the language that prohibits administration of <sup>any</sup> administrative services contract at a particular geographic location.

PJK

2003-2004 DRAFTING INSERT  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

LRB-2627/4ins  
PJK:kmg:ch

INSERT A ✓

no 41 ; that all administrative services contracts are between the board and the person providing the services under the contract; and that administration of any contract may not be limited to a particular geographic location in the state

(END OF INSERT A)

INSERT 5-1 ✓

- 1 SECTION 1. 149.16 (5m) of the statutes is created to read:
- 2 149.16 (5m) Any contract under sub. (1m) or (4m) shall be between the board
- 3 and the person providing the services under the contract. All contracts under sub. (S)
- 4 (1m) and (4m) shall be administered in this state but the place at which any contract
- 5 is administered may not be limited to a particular geographic location in the state.

(END OF INSERT 5-1)



**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-2627/4dn  
PJK:kmg:rs

October 17, 2003

This version adds the language that prohibits administration of any administrative services contract at a particular geographic location.

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